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# REPORT OF THE SECRETARY-GENERAL ON THE UNITED NATIONS TRANSITIONAL ADMINISTRATION FOR EASTERN SLAVONIA, BARANJA AND WESTERN SIRMIUM

## I. INTRODUCTION

1. The present report is submitted pursuant to paragraph 4 of Security Council resolution 1037 (1996) of 15 January 1996. In that resolution, the Secretary-General was requested, on the completion of demilitarization of the Region of Eastern Slavonia, Baranja and Western Sirmium (hereafter referred to as the Region), to report monthly to the Council regarding the activities of the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) and the implementation by the parties of the Basic Agreement of 12 November 1995 (A/50/757-S/1995/951).

## II. POLITICAL ASPECTS

2. With the successful demilitarization of formed military units in the Region, as described in my report to the Council of 26 June 1996 (S/1996/472), the focus of the mission has moved to implementation of the civilian and political aspects of the mandate. Key achievements have included the opening for navigation of the Drava river, the restoration of the main railway line between Croatia and the Federal Republic of Yugoslavia and the facilitation of demining for humanitarian purposes in priority areas, especially in and around Lipovac, a key condition for the return of Croat displaced persons. The Transitional Administrator has made strenuous efforts to build confidence in the Region and to maintain the full support of the Croatian and Federal Republic of Yugoslavia authorities. He has continued to meet regularly with Presidents Tudjman and Milosevic. He has also addressed the Permanent Council of the Organization for Security and Cooperation in Europe (OSCE) on developments in the Region.

3. However, as practical progress is made in reintegrating the Region into Croatia, the apprehensions of the local Serb population have increased, creating new challenges for the mission. Their concerns are linked to the deterioration of the economic situation, the absence of funding for the local administration and delays in disbursement of international assistance, as well as the growing pressure from the Government of Croatia to have the UNTAES mandate terminated on

15 January 1997. Fear has also been exacerbated by the continued absence of an adequate amnesty law and by a number of threatening telephone calls from other parts of Croatia to members of the local Serb population, particularly those whose names are on the list of persons exempted from existing Croatian amnesty legislation. For the first time since the deployment of UNTAES, peaceful mass demonstrations by local Serbs, mainly women, occurred at Vukovar on 15 and 17 July 1996, and more are foreseen. While, on the one hand, these demonstrations reflect the genuine anxiety of the Serb population, on the other they also bear signs of political organization. They indicate undoubtedly, however, the growing uncertainty and political ferment in the Region, which, if its causes are not addressed by the international community, threatens to undermine the achievements recorded by UNTAES and to disrupt further progress.

## A. The economic situation and the need for funding

4. It will be recalled that in the statement by its President of 3 July 1996 (S/PRST/1996/30), the Council expressed concern at the worsening economic situation in the Region and urged the Government of Croatia to cooperate closely with UNTAES to identify and provide funding for the local administration and public services. The revenue base of the local administration has been deteriorating steadily since the closure of the Djeletovci oil field in April 1996. The local administration has been unable to pay the salaries of some 3,600 civil servants, including teachers, health workers and police, as well as general operational costs. This precarious financial base for administering the Region, together with the presence of significant numbers of demobilized and unemployed ex-combatants, is undercutting the public confidence in UNTAES that had been created in the early months of the Mission.

5. In keeping with paragraph 22 of Security Council resolution 1037 (1996), the Transitional Administrator has been actively pursuing all possible sources of funding for the local administration. The Government of Croatia initially indicated it would provide 12 million kuna (US$ 2.2 million) per month, but to date has made only a one-time payment of 6 million kuna. Although this payment was made on a "no strings attached" basis, the Government of Croatia has subsequently attempted to impose conditions on its use by UNTAES. Efforts to reach agreement on utilizing revenues from the Djeletovci oil field for administering the region have stalled, the Government maintaining that INA (the Croatian national oil company) does not have resources to make regular monthly payments and that profits from the oil fields would not be generated for two to three months. The European Commission has pledged $10 million for a reconstruction package, a portion of which might be used to support local administrative structures, but those funds will not be available until September at the earliest. The idea of a pledging conference has been explored but, thus far, potential donors have shown limited interest.

## B. Duration of the UNTAES mandate

6. A second outstanding issue concerns the duration of the UNTAES mandate. According to paragraph 1 of the Basic Agreement "There shall be a transitional period of 12 months which may be extended at most to another period of the same

duration if so requested by one of the parties". By its resolution 1037 (1996), the Council established UNTAES for an initial period of 12 months and expressed its readiness to review the situation and to take appropriate action in the light of a report by the Secretary-General no later than 15 December 1996. In public statements during the past month, senior Croatian officials have stated that the Government of Croatia will not agree to any extension of the UNTAES mandate beyond its present expiration date of 15 January 1997. On the basis of exploratory discussions with the Croatians, however, UNTAES estimates that they would contemplate an extension of a few months with a revised mandate under certain conditions. The holding of elections in the Region by December 1996 appears to be one of those conditions. At the same time, pursuant to the provisions of the Basic Agreement, the local Serb Regional Assembly decided on 6 June 1996 to request the Council to extend the UNTAES mandate for an additional 12 months to 15 January 1998. A formal request is expected shortly.

7. The present state of uncertainty regarding the duration of the UNTAES mandate may begin to inhibit the ability of the mission to operate effectively. Doubts about the duration of the mandate affect various aspects of the mission's operation in a number of ways: the timetable for elections and their political context and organization; the impact of economic reintegration and confidence-building projects; the possibility of substantial return of displaced persons while UNTAES is in the Region; the confidence level of the Serb population in the Region; and, ultimately, the date by which the majority of them will decide whether to stay or to leave. This question thus threatens to become the major local political issue, adding to political ferment in the Region.

## C. Amnesty

8. In the statements by its President of 22 May and 3 July (S/PRST/1996/26 and S/PRST/1996/30), the Security Council expressed its regret that the Government of Croatia had not yet adopted a comprehensive amnesty law and urged that that action should be taken as soon as possible. In an apparent response to these statements, on 28 June the Croatian media published a list of 811 persons whom the Government of Croatia had identified as being excluded from the provisions of the Amnesty Law adopted by the Parliament on 17 May 1996. The Government stressed that the list was not final, as it was composed mostly of individuals accused or suspected of war crimes but not of other categories of crimes such as espionage, sabotage or threats to the territorial integrity of Croatia. It has since been determined that the list contained several apparent errors: it included an individual who had already been granted amnesty, a number of non-combatants, several elderly persons and at least one person who died some years ago.

9. The promulgation of the Amnesty Law and the publication of the aforementioned list has created confusion about who has been granted amnesty and who is exempted from it, undermining the positive impact these steps might otherwise have had. Not surprisingly, the local reaction in the Region has been negative and the affected population has become alarmed, damaging the ongoing confidence-building process, and contributing significantly to the recent demonstrations.

## III. MILITARY ASPECTS

10. The military situation in the Region was calm and stable over the last month. There are no significant incidents to report. The military component of UNTAES has maintained a highly visible profile by numerous day and night patrols throughout the Region in order to monitor safety and security and to boost local confidence in UNTAES. The battalions continue to provide security to family meetings, village visitation programmes and other visits in cooperation with civil affairs, the United Nations civilian police and the Transitional Police Force. Of particular concern has been the presence of Croatian Special Police at several positions in the zone of demilitarization (formerly the zone of separation) which is under UNTAES control. Continued protests by UNTAES have not succeeded in removing this presence. As authorized by resolution 1037 (1996), arrangements are in place with the Implementation Force (IFOR) to provide UNTAES with close air support. Training exercises by IFOR in airspace over Eastern Slavonia began on 26 July. The Governments of Croatia and the Federal Republic of Yugoslavia have signed agreements with IFOR on airspace use.

## IV. CIVILIAN ASPECTS

### A. Civil affairs

11. The civil affairs component, through the mechanism of the joint implementation committees, has continued to record progress in various important areas. In the Joint Implementation Committee on Civil Administration, agreement in principle has been reached on a project for the centralized issuance of essential personal documents by Croatian officials for two months, beginning in August 1996, in three locations in the Region, which will later be extended to other locations. The availability of citizenship papers is essential to the implementation of other aspects of the mandate, such as the return of displaced persons and the organization of elections.

12. The closure of the Djeletovci oil field in April has produced a serious fuel shortage in the Region. For the past several weeks difficult negotiations have been taking place between the INA (Croatian) and NIK (local Serb) oil companies, under UNTAES auspices, over the reopening of petrol stations in order to ensure a dependable supply of fuel to the Region. These discussions are also dealing with the fundamental issue of the transfer of the ownership of NIK and its assets to INA and the related question of the continuing employment of NIK personnel by the INA management. In mid-July, the Government of Croatia offered and delivered 300,000 litres of fuel to UNTAES for use in various priority areas as determined by the mission. Under UNTAES guidance, the parties are continuing discussions on the finalization of contracts for the demining of the Djeletovci oil field. Demining is now expected to begin in early August, with the reopening of the oil production facilities scheduled for mid-August.

13. UNTAES has commenced human rights training in the Region. A human rights training seminar sponsored by the Council of Europe and a local non-governmental organization was organized and conducted by the Joint Implementation Committee on Human Rights at Osijek, Croatia. Delegates to all the joint implementation committees were invited to the seminar, which was the first such training

programme for the middle level bureaucracy in the Region and its immediate environs. Other similar training programmes are envisaged. Since early July, UNTAES civil affairs staff have been co-located with local Serb authorities in the Regional Executive Council headquarters in order to facilitate a more direct involvement of UNTAES in the day-to-day tasks of Regional administration.

## B. Electoral matters

14. Pursuant to paragraph 12 of the Basic Agreement and the responsibilities envisaged therein for UNTAES to organize elections, to assist in their conduct, and to certify the results, an electoral survey mission was undertaken by the Electoral Assistance Division of the United Nations Secretariat in April 1996, and a needs assessment mission went to the Region from 13 to 21 July. The purpose of the needs assessment mission was, inter alia, to discuss and assess the conditions for the organization of elections with the Transitional Administrator of UNTAES and relevant Croatian and Serb authorities; to assess the overall framework for the organization of elections and to prepare a detailed timetable for them; to review the existing legal framework and to assess the potential needs to revise the legislation; to prepare the overall budget; and to design the composition of the electoral component of UNTAES. Following the visit, the civil affairs component has established an elections unit to begin preparations for local elections. In its report the mission analysed all key issues requiring political consideration and recommended that the outstanding policy issues be addressed as a matter of priority. The report also indicated that, under prevailing conditions and logistics, the earliest possible date on which elections could be held would be late February or early March 1997, on condition that the outstanding policy issues are resolved by mid-October, failing which a further delay would be unavoidable.

## C. Police matters

15. Out of an authorized strength of 600 civilian police monitors, 442 have been deployed in the mission area. At present, their main task is to monitor the Transitional Police Force which is envisaged to have a total strength of 1,300 personnel. The Transitional Police Force, established on 1 July, is experiencing difficulties in becoming effective: there have been delays in clearing names of police officers with the Croatian authorities and in obtaining new uniforms from the manufacturers; fuel shortages have limited patrols; and, perhaps most importantly, major questions about salaries remain unsettled. The Government of Croatia initially undertook to pay those salaries, but its latest position is that it will pay them only when the police "work for the State of Croatia". Despite these difficulties, deployment of the Transitional Police Force continues and has been partially completed in some areas. Local Serb and Croat police officers have been deployed as co-commanders at the 11 police stations in the Region. Joint patrols commenced in the zone of demilitarization with the active participation of United Nations civilian police monitors. As confidence develops, patrols will be progressively extended to other parts of the Region.

16. UNTAES attaches the highest priority to rendering the Transitional Police Force fully operational and effective. There has been a slight increase in lawlessness in the Region which is owing mainly to the difficult economic and social condition and to the continued operations of criminal elements and gangs. Most of the incidents have involved shootings, and the Transitional Police Force has sought to establish itself as a credible force in response to these incidents by confiscating weapons. Demilitarization of the previous local police stations has been undertaken, but registration of small arms at the Transitional Police Force stations has failed to occur. This may partly be explained by the desire of local residents to wait for and take advantage of a proposed weapons buy-back programme to be sponsored by the Croatian Government.

### D. Border monitors

17. As of 31 July, 37 UNTAES border monitors have been deployed. Operational monitoring of eight international crossing points was instituted in early July. UNTAES enacted a temporary suspension of the illegal export of unprocessed timber in July, which was lifted after the local administration developed appropriate legal documentation for such exports.

### E. Public affairs

18. The UNTAES public affairs unit has carried out a range of activities through its radio programmes on a local radio station, the publication of the UNTAES Bulletin, and numerous appearances by UNTAES senior personnel on television and radio call-in programs. Given the widespread lack of knowledge about the transition period among the local population when UNTAES was first deployed in April 1996, the mission has striven to inform the local residents about the process of re-integration. The current focus is on issues relating to citizenship, property, human rights and employment. Following demilitarization in late June, UNTAES has arranged numerous visits by Croatian journalists to the Region. The mission has also facilitated the visits of some local Serb journalists from the Region to Osijek and other localities in Croatia.

## V. HUMANITARIAN ASPECTS

19. The Office of the United Nations High Commissioner for Refugees (UNHCR) and UNTAES have developed terms of reference for a collaborative approach to the return of displaced Serbs and Croats both to and from the Region. The terms of reference, which were finalized on 29 July, detail specific areas of coordination on, inter alia, information-sharing, coordination of staff resources and logistical support by UNTAES for returns where necessary.

20. Notable progress on pilot projects for return continues within the context of the UNHCR-chaired Joint Implementation Committee on Returns. While the Committee remains the forum for periodic updates from both Croat and Serb political delegates, working groups have been established for each of the three pilot project villages identified in the Region for the purpose of organizing technical assessments, village visits and other operational tasks. The

selection of UNHCR implementing partners for housing and community-building rehabilitation works is being finalized, and the working groups will establish work plans in direct cooperation with the non-governmental organizations selected.

21. At the last UNHCR-chaired Joint Implementation Committee on Returns UNTAES informed UNHCR that demining projects in the area could be started within a matter of weeks.

## VI. OBSERVATIONS

22. UNTAES continues to make vigorous efforts to achieve the full and peaceful reintegration of the Region into Croatia. It now faces key challenges, which will influence how many Serbs will stay in the Region and whether restoration of the multi-ethnic character of the Region under Croatian control will be possible. The most immediate concern is to obtain funding for the local administration of the Region until such time as sustained Croatian financing becomes available, possibly a period of up to six months. It is indeed regrettable that the Government of Croatia has not yet been prepared to provide such funding, despite its clear obligation to cooperate fully with UNTAES and repeated demands by the Security Council that the host country help offset the costs of the operation. The mandated objective of UNTAES is to move towards the peaceful reintegration of this portion of Croatia's territory. The Government of Croatia has therefore an evident responsibility to support its administration financially during this transitional period. Unless the present negotiations with the Government of Croatia soon reach a satisfactory conclusion, I shall have to consider whether the situation has reached the point where I must report to the Council that one of the parties has significantly failed to comply with its obligations under the Basic Agreement.

23. I would also like to underline the negative effects on Serb confidence and UNTAES operations caused by the uncertainty regarding the duration of the UNTAES mission (see para. 6 above). The UNTAES mandated tasks constitute the building blocks for the difficult process of reconciliation necessary for the Region to regain its peaceful multi-ethnic character. Those building blocks include: economic rehabilitation to provide employment for residents and returnees; the establishment of a fully operational multi-ethnic Transitional Police Force to create and maintain conditions of law and order; the facilitation of the return of thousands of displaced persons to all areas, including those devastated by war and infested with mines; the construction or repair of sufficient housing to accommodate returnees; the issuance of Croatian citizenship documents to tens of thousands of residents of the Region so that they may benefit from the protection of the Croatian constitutional and legal order; the organization of elections; and the establishment of a joint council of municipalities appointed by the Serbian community as provided in the Basic Agreement.

24. While these tasks are daunting, particularly in the severe winter period when key activities such as demining and housing reconstruction slow down or stop, UNTAES is making encouraging progress in regard to the implementation of all aspects of its mandate. Given present conditions in the Region, however, it does not appear realistic to expect that these tasks will be completed by the

expiration of the current UNTAES mandate. Considerable progress has been made, but much remains to be done. To cite one example, the organization of free and fair elections (see para. 14 above) in the Region is predicated upon the prior accomplishment of difficult tasks such as the establishment of an appropriate legal framework, determination of criteria for eligibility of candidates and voters, definition of the boundaries of municipalities, districts and counties and logistical preparations. A decision must also be made as to whether a prerequisite of voting should be the possession of Croatian citizenship documents, which are currently held by only a small portion of the Region's Serb population and which will be in the hands of all potential voters only after several months of intensive work by the Croatian authorities, work which has yet to be undertaken.

25. It is indeed gratifying that the parties to the Basic Agreement continue to pledge their commitment to the reintegration process. Recent occurrences nevertheless indicate that each party is seeking to maximize its interests as the integration process draws closer to its formalization with the holding of regional elections. Political posturing and brinkmanship are likely to increase and, at times, impede or threaten the entire reintegration process. Therefore, in considering the many and complex tasks that UNTAES has been mandated to perform and in order to provide greater clarity and guidance to the mission in the performance of its mandate, the Council, reaffirming its own decision that UNTAES has been established for an initial period of 12 months, may wish to consider the possibility of indicating now that it intends to extend the mandate of UNTAES by up to a further 12 months to enable it to accomplish its tasks. The Government of Croatia should also be reminded of its responsibilities to contribute to the costs of the UNTAES operation and to promote financial support for the orderly administration of the Region. In addition, it is important that the Government of Croatia be encouraged to enact an improved Amnesty Law. The local Serb community, for its part, should be reminded that it is in its interest to cooperate fully with UNTAES in the efforts to achieve peace throughout the former Yugoslavia.

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